Barker, Wharton

Bimetallism and protection inseparable

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Bimetallism and Protection Inseparable.

GOLD MONO-METALLISM MEANS FREE TRADE.

A Letter Addressed to the Members of the Manufacturers' Club of Philadelphia

. . . . BY . . . .

WHARTON BARKER.

March 28, 1896.

PHILADELPHIA, March 28th, 1896.

To the Members of the Manufacturers' Club of Philadelphia.

GENTLEMEN:

You have been called to a special meeting of the club, to be held on Monday evening, March 30th, "for the purpose of taking action respecting the attitude of the club towards the Currency Question."

As there will hardly be time on Monday evening to properly and fully discuss the great questions that press for solution; and, as the questions at issue demand the most careful consideration before any action is taken, I have thought it best—though I intend to speak, briefly, at the coming meeting—to put my views in print, so that each member of the club can have, in advance of the meeting, a statement that I believe presents fairly the situation that exists.

In considering this questionwhich confronts the American people, and with the right solution of which the future of the Republican party is bound up, I beg of you to remember that your prosperity as manufacturers depends on the prosperity of the farming classes and the ability of the farmer and planter to purchase manufactured goods. You cannot hope to profit while the farmer is impoverished, any more than the farmer can profit from a fall in the price of manufactured goods such as will lead to the closing of your factories and mills, the throwing of labor out of employment and the consequent curtailment of the market for his produce, leading to lower prices for farm products. Such, indeed, has been a tenet with free traders; but it can find no place with intelligent manufacturers and farmers.

Among all producers there is a unity of interests, and no class of producers can profit by the impoverishment of another; for they are interdependent on one another for a market for their

produce. Impoverishment of any class means a curtailed market for the products of others, and, consequently, reduced profits for all.

To make all branches of production remunerative is therefore the first requisite to a condition of prosperity, and this has been the aim of the protective system by bringing the farm and the factory nearer together.

But at this time the farmer and planter are not prosperous. On the contrary, they are impoverished. They receive low prices for their produce and have little to spend for manufactured articles. Consequently, the demand for manufactured goods is restricted, prices are low, production is unprofitable, property depreciates, manufacturing plants are unsaleable, and everywhere we hear the plaint of "hard times."

A protective tariff is designed to preserve the home market for home manufactures, thus build up domestic industries and make a market for agricultural products. Manufacturers now demand higher duties so as to keep out foreign goods. But higher duties will not of themselves bring to you, as manufacturers, prosperous times.

The home market must be made worth having before its preservation will bring to you prosperity. And while our farmers are impoverished by being obliged to sell their surplus products in competition with the producers of silver-using countries who have the benefit of a bounty of one hundred per cent. in the shape of a premium on gold on what they sell to gold-using countries, the preservation of the home market to our manufacturers, even granting the possibility of doing so by means of tariff duties so long as silver-using countries enjoy a bounty of one hundred per cent. would not of itself bring renewed prosperity to our manufacturers.

Bi-Metallism and Protection the Sole Remedy.

Prosperity must first be restored to the farmers so that they can buy manufactured goods, and prosperity can only be restored to our agricultural classes by raising the prices of what they sell, and which are fixed in the British markets in competition with

the products of silver-using peoples. And to raise these prices there is only one way, and that is to raise the gold price of the ounce of silver which the British trader pays for the silver with which he buys cotton and wheat and other produce in India and other silver standard countries. The price of silver, as compared to gold can only be raised by increasing the demand for silver or decreasing the demand for gold. And this it is in our power to do. By opening the mints to silver we can both increase the demand for silver and decrease the demand for gold, raise the gold price of the ounce of silver, and at the same time the price in England and Germany and all gold markets, of the cotton and wheat, and other produce of silver using countries with which our farmers have to compete.

As the restoration of bimetallism can alone restore the prosperity of the farmers, alone make a market at rising prices for manufactured goods, and alone make a home market for manufactured goods, the preservation of which will give our manufacturers renewed prosperity, and give employment to labor and at higher wages, thus leading to increased demand for the products of the farm for domestic consumption, it is the interest of all classes to unite Bimetallism and Protection.

Why Bimetallism and Protection Must be United.

The position of those who hold that Bimetallism and Protection are inseparable, who hold Gold-monometallism and Protection to be irreconcilably hostile, who believe any protective tariff without bimetallism must prove ineffective, and who, consequently, insist that protective tariff legislation should and must be joined with legislation restoring bimetallism, in short, is this:

1. Prices being dependent on the quantity of money in circulation as compared to the work to be done by money, the demonetization of silver, curtailing the supply of money while, with the growth of population, the demand for money has steadily increased, has led to an appreciation of gold and proportionate fall of prices. Falling prices being destructive of the profits of industry, investments in productive industries have as a result been curtailed, especially as money, so long as prices are falling, grows in value

in idleness. Thus money has shunned the producer, shunned investment in the products of labor and productive industries. Consequently local centers of distribution have declined, while the financial centers have grown, and as money has been irresistibly attracted from the small town to the financial centers, producers and consumers have been separated, and thus the great aim of a protective tariff to bring producer and consumer together so that man can profit from association with, and the help in production of his fellow man, has been defeated by the appreciating gold standard.

2. As silver prices in silver-using countries have not risen with the fall in the price of silver, as measured by gold, and the silver cost of production not having increased in such countries with the fall in the gold price of silver, producers in silver-using countries can afford to sell their products in gold-using countries for a smaller amount of gold than they could before silver was demonetized, equivalent to the divergence in the value of gold and silver. Thus, to-day, gold having appreciated, as measured by silver, nearly one hundred per cent., silver-using peoples can sell their products in our markets for one-half the price in gold that they asked twenty years ago, without reducing the amount of silver which they receive in payment, and which silver, producing in silver-using countries as much as ever, is worth just as much to them as ever it was. Consequently the divergence in the value of gold and silver consequent on the demonetization of silver gives to silver-using peoples a bounty equal to one hundred per cent. on exports to gold-using countries. Against Oriental competition, encouraged by this bounty, our customs duties will be no barrier, for it is evident that even an iron-bound tariff of one hundred per cent. would be nullified as a protective measure by the bounty held out to silver-using peoples in the shape of a premium on gold. Thus the divergence in the value of gold and silver will break down a tariff intended for protection against competition with silver-using peoples.

3. This same divergence in the value of gold and silver that stimulates imports from silver-using countries acts as a protective

tariff around all silver-using countries against gold-using countries. The result of this is that the silver-using markets being closed against goods of British and German manufacture, the surplus products that heretofore found a market in silver-using countries are thrown back on the European, and an outlet sought in our markets. Consequently, a tariff that under bimetallism might be amply protective against goods of British and German manufacture proves insufficient under the appreciating gold standard.

4. Our surplus agricultural products being sold in the European markets, and coming there into competition with the products of silver-using countries, the growth and export of which is fostered by the premium on gold, prices have been more than cut in half and our farmers and planters have been impoverished. Being thus impoverished, they are obliged to restrict their purchases of manufactured goods, and their impoverishment is intimately felt by manufacturers. No tariff will avail to restore prosperity to the manufacturers unless at the same time prosperity is restored to the farmers, and the restoration of prosperity to the farmers is dependent on bimetallism.

The Dissent of the Gold Monometallists.

Such, in bare outline, are the arguments advanced in support of the joint policy of bimetallism and protection. The gold men make answer that our position is based on false premises. In the first place, they declare that by bimetallism we mean silver-monometallism, asserting that free coinage would give us silver-monometallism, and that we hide our true meaning, our real purpose, under the cloak of bimetallism. In support of this assumption they offer no evidence; but to this charge and gratuitous insinuation of dishonesty I have referred elsewhere.

Therefore I pass on to the second assertion on which the gold men rest their case, which is that prices have nothing to do with the quantity of money in circulation as compared to the work to be done by money, "which is," they add, "a theory so completely exploded by modern economic study and by modern practical experience that it scarcely needs serious answer."

Thus lightly they put aside a long-accepted axiom of political economy, an axiom which no economist of reputation has controverted. Locke wrote, "the value of money in general is the quantity of all the money in the world in proportion to the trade;" Ricardo, that "the demand for money is regulated entirely by its value, and its value by its quantity;" Lord Overstone, that "a reduction of circulation must tend to lower prices;" Jevons, that "prices temporarily may rise or fall independently of the quantity of gold in the country; ultimately they must be governed by this quantity. Credit gives a certain latitude, without rendering prices ultimately independent of gold." John Stuart Mill stated dogmatically "that an increase of the quantity of money raises prices, and a diminution lowers them, is the most elementary proposition in the theory of currency, and without it we should have no key to any of the others." To these terse statements of dead economists I will only add a few words of General Francis A. Walker: "Some monometallic writers, indeed, have undertaken to prove that demonetization of silver has had nothing to do with the fall of gold prices. Such a proposition is on its face monstrous, absurd. If a number of nations have largely diminished their use of silver and largely increased their use of gold, this must have had the effect to lower prices expressed in terms of gold. To deny it is to deny that demand and supply determine value."

Yet the gold men have the audacity to assert that a theory accepted by economists in general is so completely exploded by modern economic thought as to need no answer. The economist or economists of reputation who have exploded this theory they do not name. They content themselves with mere bald assertion.

The Quantitative Theory of Money.

When we name the price of commodities in money, we inversely and of necessity name the price of money in commodities. When we give the price of a bushel of wheat in money, we give the price of money in wheat. One is the equal of the other. Commodities measure the price of money just as money measures the price of commodities. It follows of necessity that anything

that causes money to appreciate must cause prices of commodities to fall, commodities measured in money becoming cheaper and money measured in commodities dearer. And so inversely anything that causes money to depreciate must cause prices to rise, for the price of money in commodities falling, the price of commodities in money must rise.

As the price of money in a country, whether it be gold or silver or both gold and silver, or irredeemable paper, is fixed as the prices of all commodities are fixed by the law of supply and demand, it follows that to decrease the supply must lead to a higher price for money, as will be shown by falling prices, unless the demand is proportionately decreased. An so on the contrary to increase the supply, must cause the price of money to fall, and inversely the prices of commodities to rise unless, indeed, the demand for money increases in equal degree with the supply, when there will be no change in prices. Now the supply of money, as the supply of any commodity, consisting of the total stock in existence available for use as money; or, in other words, all that is not hoarded, while the demand for money is made by those who have produce on their hands which they are desirous of exchanging for money, it follows that so long as population is growing and fully employed and production increasing, the demand for money will be increasing, and if the supply is not at the same time increased, demand for money will outrun the supply, leading to dearer money, which means, of course, lower prices for commodities.

Cause of Falling Prices.

Consequently, when in 1873 our mints and the German mints were closed to the coinage of full legal tender silver and the coinage of silver at the French mints restricted, the increase of the supply of money in the Western world was limited to that portion of the annual production of gold not consumed in the arts and available for coinage. The customary and needed additions to the supply of money from the coinage of silver being cut off and the supply thus restricted the demand for money, growing with the growth of population, outran the supply and prices fell.

This fall went on unchecked until the coinage of silver under the Bland Act made itself felt. From 1872, the year before the demonetization of silver, down to 1879, the year after the passage of the Bland Act, prices fell continuously, being on the average twenty-four per cent. lower in 1879 than 1872. The Bland Act provided for the purchase and coinage of not less than $2,000,000 worth or more than $4,000,000 worth of silver monthly. A hostile administration limited the purchases and coinage to the minimum amount, but the addition of over $2,000,000 monthly to our stock of money made itself felt at once. The supply of money thus increasing, the fall in prices was checked. Money becoming cheaper as the quantity increased, prices rose. Between 1879 and 1882 prices rose 12.3 per cent. Thus is the effect of an increased and decreased supply of money on prices illustrated by the fall of prices following the demonetization of silver in February, 1873, and the rise of prices following the passage of the Bland Act in February, 1878, or rather when the coinage of silver under that act made itself felt.

As I have said, an increase in the quantity of money is not in itself sufficient to cause commodities to rise in price. The supply of money must not only increase but it must increase faster than the demand, or money will appreciate and prices fall just as the price of wheat would tend to rise even in the face of an increased supply should the crop of corn and rye be short, and consequently the demand for wheat increase to a greater degree than the supply.

The coinage of silver under the Bland Act being limited to the minimum amount authorized by law, the increase in the supply of money provided for, proved insufficient to supply the growing demand as population grew. The result was, as the increased demand for money outran the limited increase of supply, money gradually appreciated and prices fell almost uninterruptedly, though slowly, down to the passage of the Sherman Act. Since the arbitrary interpretation of the parity clause of the Sherman Act, which Mr. Foster assumed to require him to redeem the Treasury notes in gold, a ruling not only acceptable by Mr. Carlisle but extended to the silver certificates, thereby relegating the

silver coined under the Bland Act to a position secondary to gold, prices have fallen with disastrous rapidity.

Cheapening of Production Not the Cause of Falling Prices.

In accounting for the fall in prices since the demonetization of silver, gold-monometallists speak of the cost of production being lessened by machinery. But that such is not the main cause is shown conclusively by the rise in prices following the passage of the Bland Act. As the improvement of machinery and methods of production has been continuous, the fall in prices should have been equally continuous, on the theory of cheapening of production. But such has not been the case.

Further, the rise in prices after the discovery of gold in California down to 1873 and the marked and almost continuous fall of prices since the demonetization of silver in that year, shows conclusively that we must look further than the introduction of labor-saving machinery and the cheapening of the labor cost of production as an explanation of the movement of prices, for the introduction of improved machinery and the economizing of the labor cost of production was even more marked throughout the first period, during which prices were rising, than the second, during which prices have been falling.

Nor is Overproduction.

Gold-monometallists also speak of overproduction as a possible cause of falling prices, stating that "it is also a fact that any excess of supply over the effectual demand inevitably works decrease of prices, without reference to the money supply." They should drop the last words, "without reference to the money supply," for it must not be forgotten that the effectual demand for commodities is dependent on the quantity of money in the hands of those desirous of purchasing. Consequently, when money is scarce, when labor is idle and little money is dispensed as wages, the effectual demand is small and prices tend to fall.

On the contrary, when money is plenty, when prices are rising, when production is profitable, when labor is fully employed, and when much money is dispensed as wages, there is much to spend,

and the effectual demand for commodities is great. The demand for goods is dependent on the quantity of money, and what we are accustomed to hear spoken of as overproduction, is in reality an inability to purchase owing to a scarcity of money. In prosperous times when prices are high and when most is being produced overproduction is never mentioned. It is during times of distress when prices are falling and when least is being produced that we hear the plaint of overproduction. Overproduction is no explanation of falling prices. The accumulation of unsaleable goods mistaken for overproduction is the result of falling prices, not the cause.

Money, it is true, is only one factor in fixing prices. Prices are fixed by supply and demand, but the demand for commodities in general is fixed by the supply of money. And, further, just as if prices were measured in wheat prices would tend to rise, when the crop of wheat was large, leading to a lower price for wheat in which other things were measured, while prices would tend to fall when the crop of wheat was short, leading to an increased relative value of wheat, so an increased supply of money must tend to cause a rise in prices and a decreased supply a fall.

Bimetallism Does Not Mean Silver Monometallism.

"The claim set up, that bimetallism and protection are inseparable," say the gold men, "involves at the start the assumption that a thing is true which, in the judgment of the commercial world, is not true—namely, that free coinage of silver is or can bring about bimetallism." And they add that, in the judgment of the commercial world, the opening of our mints to silver would be followed by the expulsion of gold from monetary use, silver-monometallism and a fifty-cent dollar.

This involves the assumption that on the opening of our mints to free coinage, our markets would be flooded with silver for the laws of trade forbid that gold should be driven out faster than silver was coined to take its place.

The gold-monometallists speak of the old bugaboo of a fifty-cent dollar, but they do not explain how the expulsion of our gold leading to contraction of our currency, making money scarcer and

harder to get, would give us a cheaper—a fifty-cent dollar. The value of the dollar, whether of gold or silver, is fixed, just as the value of the bushel of wheat or pound of cotton. We never yet heard of a short crop of wheat or cotton referred to as sure to lead to lower prices, yet this is just what the gold men ask us to believe in regard to money, stating that the expulsion of gold, reducing the supply of money, would give us a cheaper dollar. A cheaper dollar can only result from an increased supply, inflation, if you please, or a decreased demand, and the expulsion of gold is just the opposite of inflation; it is contraction. Consequently, the expulsion of our gold before silver was coined to take its place would give us a dearer, not a cheaper dollar, a one hundred and fifty cent, not a fifty-cent dollar.

But it should be evident to the gold men that such expulsion of gold as the so-called "commercial world" affects to fear is an impossibility. Expulsion of gold at any greater rate than silver was coined to take its place would cause contraction of our money, dearer money and lower prices. And lower prices would check imports and increase the quantity of our exports, for America would become a good—that is, a cheap market, to buy in, but a correspondingly poor market to sell in. Consequently, the expulsion of gold as the result, if you will, of panic among European holders of American securities, and their sale on our markets would at once be followed by imports of gold in settlement for trade balances.

Impossibility of a Flood of Silver.

Thus the gold papers that threaten us with the expulsion of our gold and speak of silver-monometallism as the inevitable result of free coinage, are forced back on the assumption that our markets would be flooded with silver But this supposition is unfounded. There is no basis for the belief that our markets would be flooded with silver. On the contrary, a little research will show the utter impossibility of such a result and the absurdity of the supposition.

The gold-standard nations to which we are told our gold would flow do not produce silver. They have been, and of neces-

sity must be, importers, not exporters of silver. What silver Great Britain exports to the East she is obliged first to purchase and import from the New World. She has no silver of her own she can afford to export. Her exports of silver to India represent but re-exports of silver bought from us. And other gold nations of Europe are in the same position.

The silver they have is in use as money or has been used in the arts, manufactured into utensils and ornaments, and with silver so used they cannot part save at a loss. Silver coined at a ratio of 15 1-2 to 1 or less, circulating at a parity with gold and just as valuable, just as acceptable as money as gold coin, would not be melted down and sent to our mints to be coined into dollars at the ratio of 16 to 1, for to get the same value of coins at our mint it would require the foreigner melting down his coin to add one-half an ounce of silver bullion to every 15 1-2 ounces of silver obtained by melting down silver coin coined at this ratio, as is the full legal tender coin of France, Italy, Spain, Belgium, Switzerland and Russia. And if coined at a ratio more favorable to silver as is the silver coin of Great Britain coined at a ratio of 14.28 to 1, of Germany at 13.957 to 1, of Austria at 13.69 to 1 and the subsidiary coin of the Latin Union and Spain at the ratio af 14.38 to 1, the foreigner melting down coin for export would be out of pocket in an even greater degree. Thus the silver coin would not be "dumped" on our mints, for to do so would entail a loss on those "dumping it."

And it is even more absurd to speak of the silver in use as ornaments, as plate, etc., as likely to be dumped on our markets. Household silver and ornaments, on which much labor has been expended in manufacturing, would not be melted down; for, by so doing, the value conferred by workmanship would be lost to the owner. Let the reader ask himself if it is likely that silver forks and spoons would be melted down should the price of silver bullion be doubled. And as to the hoards in India so vaguely spoken of, it is as unreasonable to suppose that this silver would be sent to our mints for coinage as to suppose that the melting pot would be the fate of the service of our churches, should silver double in price.

Why the Parity Would Be Restored.

The only silver that gold nations could possibly send us is the small amount of silver they possess as bullion. And this bullion sent to our mints, the products of our mines being coined and exports of silver to England stopped, what must be the result? Evidently England must cease to buy in India either wheat or cotton in excess of what she can pay for with manufactured goods or interest on Indian loans owned in England, unless she bought from us silver, which we would be unwilling to sell at less than our mint price. And this price she ultimately would pay, for she would be obliged to come to us for the wheat and cotton before bought in India or elsewhere with silver which she obtained from us; and, as a result, prices of wheat and cotton would rise in America, in response to the increased demand, and continue to rise until prices had so risen that the Englishman saw his advantage in buying our silver at $1.29 an ounce (instead of 68 cents, as at present), and sending it to India to buy cotton and wheat, rather than pay the enhanced prices for wheat and cotton asked in America. Thus silver would be restored to a parity with gold, and we would have higher prices and a hundred-cent silver dollar, as well as a hundred-cent gold dollar, and not a two-hundred-cent gold dollar, as at present.

As prices of grain and cotton and other produce rose with silver, it would take less wheat and cotton and other produce to pay the interest charges on our foreign debt—payments which we now find it impossible to be made with merchandise, could be readily met, and the drain of gold to meet these charges would cease. Opening our mints to silver would not permanently drive out our gold. On the contrary, only by so doing can we check the drain on our gold for export, and prevent national as well as private bankruptcy, and the suspension of gold payments.

The Mexican Bugaboo.

But, say the gold-monometallists, look what free silver has done for Mexico. Ignoring the monetary history of the past they point to Mexico. Mexico, they tell us, has free coinage

of silver and the result has been to put that country on a silver basis. And this they ask us to take as evidence that the opening of our mints to silver would drive out our gold and give us silver monometallism. Because Mexico, a nation comparatively weak commercially, has failed by opening her mints to silver to maintain bimetallism, any attempt on our part to do so must also result in failure! To thus compare the commercial power of Mexico to that of the United States and to declare that the comparatively small demand for silver by Mexico would affect the value of silver to as great a degree as the many fold greater demand for silver consequent on opening our mints to silver is absurd. The internal commerce of the United States equals the internal and foreign commerce of all Europe, outside of the British Isles, combined, and our commercial power being equal to that of all Europe it is in our power to confer as great a demand on silver as all the governments of Europe combined.

Finally we are told silver standard countries are at the bottom of the scale of civilization and gold standard countries at the top and we are told to look at Mexico as evidence of the degrading influence of silver-monometallism. With equal justness we might refer to the retrograding condition and barbarity of the Turks as the result of the gold standard. In 1847 Holland changed from the gold standard to silver and a few years later Germany did the same, but Dutch and German civilization did not retrograde or was the material advancement of those countries checked. To compare the restless energy of the Anglo-Saxon races with the more sluggish southern races is folly. To see the relative effects of the appreciating gold standard and of the more stable silver standard, we must compare the Mexican of to-day, not with the Anglo-Saxon of to-day, but with the Mexican of twenty years ago and the Anglo-Saxon American of to-day with the Anglo-Saxon American of twenty years ago. And when we do so we will find that relatively the Mexican under the silver standard has made much greater strides of progress than his northern neighbor under the gold standard and that the comparative material development and advancement in silver-using countries has been much more rapid than in gold-using countries.

Competition with Silver Using Countries.

The gold organs of the Republican party and some manufacturers are prone to speak of higher tariff duties as if the only thing needed to bring better times and continued prosperity is the exclusion from our market of goods of foreign manufacture, protection against foreign competition and the preservation of our home market to our own manufacturers. But protection against foreign competition will not, of itself, bring renewed and continued prosperity to our manufacturers. Our manufacturers suffer from foreign competition—competition that is being stimulated with European as well as Asiatic countries by the divergence in the value of gold and silver—but they suffer even more from a narrowed home market. If the home market was sufficient to readily absorb the products of our mills and factories running to their full capacity, then the preservation of our home market would bring prosperity to our manufacturers. But so long as our agricultural classes are impoverished, so long as they can spare but little for manufactured goods, the market for manufactures will be restricted and our manufacturers cannot prosper.

Moreover, it is the ruinous competition with the producers of silver-using countries for European markets that is impoverishing our agricultural classes. This competition has been built up by the divergence in the value of gold and silver, and to meet it, our agricultural classes have been obliged to cut prices in half. Just as silver has fallen, as measured by gold, our farming classes have been obliged to cut prices, under pain of losing the European markets, for the ounce of silver has not lost any of its value to their silver-using competitors, who have, during the past twenty years, ever been willing to take the same ounce of silver for approximately the same quantity of wheat or cotton, asking no more silver year after year, though silver has gradually depreciated since 1873, as measured by gold, until to-day it is worth but little more than half as much in gold as it was in 1873.

Consequent Impoverishment of our Farmers.

Thus, as silver has fallen, prices of agricultural products have fallen; our agricultural classes have become more and more

impoverished and their labor less and less remunerative; for, with the fall in prices, there has been no corresponding reduction in the labor-cost of production. The same amount of labor suffices to produce very little, if any, more wheat, or corn, or cotton, to-day than twenty years ago. Consequently, as prices have fallen, our farmers have had less and less to spend for manufactured goods, and the market for such goods has been correspondingly restricted.

Our farmers have been benefited in the past by the protective tariff in that it has fostered the building up of local centers of industry, brought farmer and manufacturer closer together, enlarged the home market (always the best market) for agricultural products, and freed the farmer from dependence for manufactured goods on foreign manufacturers. The further any producer is from the market for his products, the more completely is he at the mercy of the trading classes, and the smaller the price he receives for his produce compared to the price actually paid by the consumer; for the further producer and consumer are separated, the larger is that portion of the value of the product absorbed by shippers, transportation companies, speculators and various middlemen. Thus the further the farmer is separated from the market for his products, the smaller, relatively to the price paid by the consumer, must be the price he receives for his products, and the higher the price he pays for the manufactured goods he consumes. Taxed as a producer by having to sell at lower prices, and as a consumer by having to buy at higher prices, his labor becomes less remunerative, the further he is separated from his market. Consequently, the protective system, by fostering the development of domestic industries and thus bringing farmer and manufacturer together, has benefited the farmer by tending to free him from dependence on a foreign market, both as a producer and consumer

But protection alone will not bring prosperity to our farmers so long as we persist in the policy of gold mono-metallism. An appreciating dollar, causing lower and constantly falling prices, leads to the centering of money in the financial centres and tends to separate producer from consumer. In this way the gold standard undermines the benefits the farmer should derive from protec-

tion. Moreover, the divergence in the value of gold and silver, caused by demonetizing silver, has built up competition with silver-using peoples for the European markets that has impoverished our farmers.

Bimetallism the Only Remedy.

And against this artificially stimulated competition there is only one protection. We must remove the artificial cause which has led to the premium on gold as measured by silver, and that can be done only by returning to bimetallism. Under the gold standard, and while forced to compete with the products of silver-using countries, our farmers cannot prosper, and so long as our agricultural classes are impoverished our manufacturers cannot prosper. The less our farmers receive for their produce the less will they have with which to purchase manufactured goods, and consequently the narrower the market for such goods and the lower, prices.

To what extent our farmers have been impoverished by the fall in prices is indicated in part by the following table, prepared from reports of the Department of Agriculture, and showing the acreage, production, and value of our cereal crops for 1872, the year before the demonetization of silver, and for 1895.

Estimated Acreage, Production and value of the Cereal Crops of the United States.

	1872.			1895.		
	Area of Crop Acres.	Production Bushels.	Value of Crop Dollars.	Area of Crop Acres.	Production Bushels.	Value of Crop Dollars.
Corn	35,526,836	1,092,719,000	$435,149,290	82,075 830	2,151,138,580	$567,509,106
Wheat	20,858,359	249,997,100	310,180 375	34,047,332	467,102,947	237,938,998
Oats	9,000,769	271.747.000	91,315,710	27,878,406	824,443,537	163,655,068
Barley	1,397,082	26,846,400	19,847,773	3,299,973	87 072,744	29,312,413
Rye	1,048,654	14,888,600	11,363,693	1,890,345	27,210,070	11,964,826
Buckwheat	448,497	8,133,500	6,747,618	763,277	15 341,399	6,936,525
	68,280,197	1,664,331,600	$874,594,459	149,955,163	3,572 309.277	$1,017,316,936

It will be noted how the acreage brought under tillage has been increased, how production has been more than doubled, yet how the increase in value has been comparatively slight. Our farmers tilled and harvested 2 1-5 acres of cereals in 1895 where they tilled one in 1872, but while the expenditure in labor was more than doubled in raising cereals, while the acreage tilled was

120 per cent. greater in 1895 than in 1872, the farmers who spent more than twice as much labor, and raised more than double the quantity of grain, received but \$1.16 in 1895 to every \$1.00 in 1872. The value of the yield per acre was \$12.81 in 1872. It was but \$6.78 in 1895.

It may be said that this is not a fair comparison as the price of corn last year, owing to the bounteous crop, was very low. But the corn crop in 1872 was even more bounteous than the crop in 1895, the yield of corn per acre in 1872 being 30 8 bushels, last year but 26.2. In fact the 1872 harvest was more bountiful than the 1895 harvest, which fact, other things being equal, would have tended to make prices lower in 1872 than 1895.

Reduced Demand for Manufactured Goods.

For every acre tilled and planted with cereal crops last year our farmers received \$6.03 less than they did for every acre tilled in 1872. If their labor had been as remunerative in 1895 as it was in 1872 they would have received \$900,000,000 more than they did, and would have had this much more to spend, making a broader market for manufactured goods. Further, it must be remembered that our cereal crops comprise in value only about one half of our agricultural products, and that the losses to the grower of cotton and other produce have been equally great with the losses of the grower of cereals.

The value of cereals raised in 1890, on a smaller acreage, was about \$1,350,000,000 or nearly \$350,000,000 more than in 1895. This much less did the growers of cereals have to spend in 1895 than in 1890, and here in great measure, is the explanation of the unsatisfactory market and lower prices for manufactured goods.

Granting that it would be possible in the face of the premium on gold to protect our manufacturers against foreign competition and preserve the home market by higher tariff duties, it is clear this would not of itself bring the long-sought-for return of prosperity to manufacturers. We are told that higher duties would lead to higher prices and increased production, thus bringing better times to manufacturers. But until we broaden the market, any increase of production must lead to lower prices. Receiving

nearly \$350,000,000 less for their cereal crops in 1895 than in 1890, and less for their other produce in like proportion, it is evident that our farmers have less to spend than they had in 1890, and it is clear either their purchases of manufactured goods must be curtailed, or prices must fall so as the smaller amount of money will buy the same amount of goods. Our farmers cannot spend more than they receive for their products, and until they receive better prices for their products the market for manufactured goods will be restricted. Consequently the preservation of such a market to our manufacturers, even if it could be done by higher tariff duties in the face of the premium on gold, which acts as a bounty on all exports from silver-using to gold-using countries, would not bring them real prosperity.

The manufacturer who overlooks the importance to his interests of building up a home market, and restoring prosperity to the farming classes, is a short-sighted protectionist indeed. Bimetallism and Protection must go together.

Protection Without Bimetallism Impossible.

From a purely economic standpoint, gold-monometallism is antagonistic to protection. From a practical standpoint, protection without bimetallism is an impossibility. Logically bimetallism and protection should be united. Practically they must be united or there can be no higher protection, for unless manufacturers give their support to bimetallism they will lose the support of those bimetallists, who,—seeing that even higher protective duties than those enacted by the McKinley law, unless joined to bimetallism would not avail to bring renewed prosperity—place bimetallism before protection, and without whose aid the protective system cannot be maintained.

The imposition of higher tariff duties unless accompanied by legislation restoring bimetallism would not serve to materially better the condition of our producing classes in general or bring renewed and continued prosperity to our manufacturers. The enactment of higher tariff legislation such as desired by manufacturers, would, no doubt, momentarily lead to increased activity in industrial establishments and an increased production of manu-

factured goods. But such manufacturers who increased the output of their mills, believing that the enactment of higher duties would lead to a brisk demand for their goods, and at better prices, would be doomed to early disappointment.

From an Economical Standpoint.

In the first place, much higher tariff duties would not protect our manufacturers against such foreign competition as is directly and indirectly stimulated by the premium on gold, which acts as an automatic protective tariff around all silver using against gold using countries and as a bounty on exports from silver using to gold using countries. And in the second place the market for the output of their mills would not be materially broadened. The brisk demand that many anticipate, would not spring up, for primarily the demand for manufactured goods must come from the agricultural classes and until the latter receive better prices for their products they will not be able to increase their purchases of manufactured goods. And so long as our farmers are obliged to sell their surplus products in direct competition with the producers of silver using countries who enjoy a bounty of 100 per cent. they cannot get better prices. Not until this bounty with which the producers in silver using countries are favored, in competition with our producers, is reduced or wiped out, will our agricultural classes receive more remunerative prices for their products, and not until then will the home market for our manufactured goods be broadened.

And this bounty can be reduced and finally wiped out in but one way, which is to enhance the gold price of silver which can only be done by restoring bimetallism and thus increasing the demand for silver while decreasing the demand for gold. Just as silver rises as measured by gold, this bounty which silver using peoples enjoy will be reduced, the competition our agricultural classes have to contend with in the European markets will become less severe, prices of agricultural products will rise and prosperity return to our farmers and planters.

The restoration of bimetallism can alone result in appreciably broadening the market for manufactured goods, and until we

restore bimetallism, enabling our agricultural classes to command higher prices for their products and thus increase their ability to purchase manufactured goods, no tariff can bring real prosperity to our manufacturers.

From a Practical Standpoint.

Republicans who insist that protection and bimetallism must be joined see this and are consequently, as protectionists, as well as bimetallists, quite ready to vote to add to any and every tariff act an amendment opening the mints to the unlimited coinage of silver. And failing to secure such an amendment they are ready to defeat any and every tariff measure.

Nor can those Republicans in the Senate who have taken this stand be moved from their purpose by abuse. They may be spoken of as conspirators and as political blackmailers, not alone by the gold organs of the Democratic party but also of the Republican party, but this will not change their purpose. Such epithets are mis-applied and uncalled for. They are significant only as evidencing the fact that gold Republicans who profess to be protectionists have no logical ground to stand on.

I fancy should a tariff bill be introduced extending ample protection to the wool grower while leaving the manufacturer of woolens unprotected, these manufacturers would do all in their power to amend the law so as to make it equally protective of their industries, and failing to succeed in this, I fancy they would not hesitate to use their influeuce to defeat the bill. In such a case the woolen manufacturers would not be accused of political blackmail. On the contrary those pushing an inequitable tariff bill framed so as to protect some industries, but not all, would be referred to and abused as demagogues and conspirators.

Yet when bimetallists take an analagous position to that which the woolen manufacturers would undoubtedly take if confronted with such a suppositional tariff measure as given above, save that they base their position on much broader and general grounds, they are foolishly accused of political blackmail. In the case supposed above the woolen manufacturers would take their stand of opposition on the ground of inequality in the tariff and

of an injustice to their special interests, and they would be perfectly justified in so doing. On the other hand bimetallists who insist on joining bimetallism to protection base their position on the much broader ground of an injustice done, not to silver miners, but to all producers in general, and the agricultural classes in particular by the demonetization of silver, and who can receive no protection against competition with silver using countries save by a return to bimetallism They are not only justified in defeating any tariff bill that does not recognize the rights of the producing classes, and the demands of the agricultural classes for the restoration of bimetallism, but it is their duty to do so.

And fortunately the Republican bimetallists in the Senate have the power to defeat any inequitable measure that may be designed to protect the interests of manufacturers while ignoring the interests of the farming classes. The interests of manufacturers and farmers are naturally bound up together and they are mutually dependent upon each other for a market for their products They have a common unity of interests and it is folly as well as unjust, to endeavor to restore prosperity to the manufacturing classes while doing nothing to relieve the impoverishment of the agricultural classes. Of the 44 Republicans in the Senate there are 15 who take this view and are ready, if need be, to vote against the passage of any tariff measure that does not recognize equally the interests of all classes and carry an amendment restoring bimetallism. Such being the case it is a practical impossibility to pass protective tariff legislation unless joined with bimetallic legislation.

Manufacturers Must Speak Out.

It will not do for manufacturers, if they wish to preserve the protective system, to antagonize the interests of the agricultural classes, and to ridicule those who join bimetallism and protection. The agricultural classes will support a joint policy of bimetallism and protection, but they will repudiate protection if joined to gold-monometallism. They cannot be expected to give their support to, and aid the passage of, high tariff legislation, designed primarily to benefit the manufacturers, unless the man-

ufacturers in turn recognize their interests and aid them in restoring bimetallism. Just as surely as the manufacturers antagonize the restoration of bimetallism and the interests of the farmers and planters, the agricultural classes will retaliate and antagonize the protective system.

There seems to be a disposition among some to belittle the agricultural interests, but neither economically nor politically can our manufacturers afford to ignore the interests of our farming classes, comprising forty per cent. of our population. We are told by those who seem to take pleasure in exalting the importance of the manufacturing interests and belittling the relative importance of agriculture, that the value of our manufactured products exceeds by four times the value of our agricultural products, that the value of agricultural products in 1890 was but two-and-a-half billion dollars, while the value of our manufactures was nine-and-a-half billion dollars. Such a statement is misleading. The reported value of our manufactured products is made up, in great part, of duplications. When the value of cotton and woolen yarn manufactures is given, it includes the cost of the raw cotton and wool, which is value in no way conferred by manufacture, and when in turn the value of manufactures of cloth is given, the cost of the yarn is included in the reported value of the product, thus reduplicating the value of the cotton and wool which went to make up part of the value of the yarn, and duplicating in turn the cost of the yarn. And so it is all through manufactured products. Therefore the relative value of manufactured to agricultural products appears much greater than it really is.

Unless manufacturers are prepared to abandon the protective system, they must speak out boldly for bimetallism and protection. Protection without bimetallism is impossible, economically and practically, and if manufacturers are bent on having gold-monometallism, they must take it along with free trade. It therefore behoves manufacturers—who see that tariff duties cannot be made high enough to be protective against competition with silver using peoples enjoying a bounty of 100 per cent., and who see that the enactment of higher tariff duties will not bring better times unless, at the same time, we restore prosperity to the agricultural classes

and thus broaden the market for manufactured goods—to speak out unmistakably and promptly for bimetallism, and declare their belief that Bimetallism and Protection must be united.

In conclusion, I ask you to read carefully the following resolutions, signed by the Republican Senators and already endorsed by many members of the Manufacturers' Clubs. It is my intention to move the adoption of these resolutions at the meeting of the Club on Monday next.

Declaration of Principles.

WHEREAS, The difference of exchange between silver standard countries and gold standard countries is equivalent to a bounty of 100 per cent. on the products of the silver standard countries; and,

WHEREAS, The cost of production in the old world, and particularly in China and Japan, is less than products can be produced or manufactured in this country by American labor, without reducing our farmers, miners, mechanics, manufacturers and industrial workers to the level of Chinese coolies; therefore, be it

Resolved, That we are in favor of rescuing the people of the United States from such impending danger by removing the difference of exchange between gold standard countries and silver standard countries by the only method possible, which is the free and unlimited coinage of silver at the ratio of 16–1 by the independent action of the United States, and we are in favor of a tariff which shall be sufficient to equalize the cost of production in the United States, and in European and Asiatic countries, and that the protection incident to such tariff shall be equally distributed

in every section of the United States, and between the various products and industries of each State.

*H. M. TELLER,	R. F. PETTIGREW,
FRANCIS E. WARREN,	FRED. T. DUBOIS,
LEE MANTLE,	H. C. HANSBROUGH,
GEO. L. SHOUP,	T. H. CARTER,
J. C. PRITCHARD,	GEO. C. PERKINS,
EDW'D O. WOLCOTT,	J. D. CAMERON,
JOHN H. MITCHELL,	C. D. CLARK,
FRANK J. CANNON,	ARTHUR BROWN.

* "I approve of the above, but prefer to have the ratio 15½ to 1."

Trusting that you will give the facts and arguments presented above the careful consideration that the importance of the question demands,

I have the honor to remain,

Yours respectfully,

WHARTON BARKER.

MANUFACTURERS! WHICH WILL YOU SUPPORT?

BIMETALLISM AND PROTECTION

AN

AMERICAN POLICY

OR

GOLD MONO-METALLISM AND FREE TRADE

AN

ALIEN POLICY.

END OF
TITLE